

MISLEADING ADVERTISEMENTS

MEDIA GUIDELINES



U.S. POSTAL
INSPECTION SERVICE



TM

DIRECT MARKETING
ASSOCIATION, INC

Dear Publishers and Broadcasters:

This is an open invitation to all publishers and broadcasters to join with the Direct Marketing Association and the U.S. Postal Service in combating mail-order fraud which all too frequently starts with false and misleading advertisements.

Most mail-order businesses are legitimate. Unfortunately, fraudulent promoters sometimes use the legitimacy of mail-order businesses and respected publications as covers for their own illegal operations. We know you share our concern that too many of our customers are suffering losses from misrepresented mail-order promotions.

Practically all major advertisers have in place their own codes of good practices for commercial acceptance. This booklet offers additional copy review suggestions and, based on our experience, compiles some of the more common wording and situations used in false or misleading advertisements. It is intended to assist your advertising department in its screening process.

By joining forces, we should be able to drastically reduce the damaging effect advertising fraud has on the American public and business. If you would like to discuss this matter further, we would be happy to meet with you.

Sincerely,



K.C. Weaver
Chief Postal Inspector



Lorna Christie
Vice President, Consumer Affairs
Direct Marketing Association

INTRODUCTION

Most fraudulent or misleading marketers utilize similar terms and advertising techniques in promoting their products. The signs (key words/phrases) are used alone or in combinations to entice the reader or listener to respond favorably to an advertisement. Identifying the danger signs can limit public loss and protect your publication's or station's reputation.

These danger signs frequently appear in many categories of advertising fraud and false representation schemes, including those for investments, medical aids, business opportunities, travel fraud, credit repair, and product misrepresentations.

A safe evaluation standard is: Does the offer, promotion, payoff, or benefit advertised sound too good to be true? Using this standard and the following examples may assist in identifying questionable advertisements before publication or airing.

HELP WANTED

ATTENTION HIRING! Government jobs your area. \$17,840-\$69,485. Call 1-800-000-0000

EASY WORK! excellent pay! Assemble products at home. Call for information.

SALES MANAGEMENT explore the management opportunity while enjoying the security of your present job. 1-8

ATTENTION earn money reading books! \$32,000/year income potential. Call for details.

GET RICH QUICK

Deceptive investment and business opportunity ads prey on a basic human emotion, the need for financial success. These ads are often characterized by the classic work-at-home offer, a once in a lifetime investment, or a distributorship program. Such ads can generally be detected by a conscientious publisher or broadcaster who recognizes the following warning signs:

- Ads that offer an opportunity to earn extraordinary pay in a very short time for very little effort or investment. Other buzz phrases used are:
- Anybody can do it
 - Quick and easy
 - Big, fast profits
 - No experience needed
 - Work in the comfort of your home
 - Work in your spare time
 - No risk
 - Fill a great demand
 - Nothing illegal

- Graphics that often depict consumers holding a fistful of dollars, or prominently feature pictures of luxury items, or testimonials detailing fabulous success stories. The bolder the picture, the less likely the ad is legitimate.
- Ads that purport to be giving away a “secret plan for success,” only available for a limited time to a select few. Money is usually required up front to participate.
- The promise of an excessively short-term return for an investment opportunity with a guarantee to repay all the principal at any time.
- Ads that contain statements declaring their legality. Such ads often feature surveys in which consumers check the level of success they want to achieve.
- Money-back guarantees with restrictive provisions.
- Ads that offer loans in unlimited amounts to finance any worthwhile enterprise. Here again, a participation fee is required up front.
- Ads that focus on fear tactics and doomsday warnings about the imminent collapse of the American economy and Western civilization in general. Salvation is offered in the form of investments in gold, silver, platinum, or “strategic metals.”
- Coin ads implying a connection with the U.S. Government or promising overnight profits in numismatics. Such ads may also announce a “just released” find of rare antique coins, and offer unlimited buy backs and unconditional guarantees.



ST^{STOP}PS EXCESS
FAT FROM
FORMING IN
YOUR BODY...

turns fat to water and flushes
it right out of your system

HEALTH FRAUD

Unfortunately, there are no known products on the market that can burn off fat overnight, guarantee sexual prowess, increase bust size, or cure cancer.

This fact does not keep fraudulent advertisers from preying on consumer vanities and fears and reaping millions of dollars each year. While many consumers suffer only a monetary loss, some may actually delay much needed medical treatment because of their belief in the ad claims.

You should be careful in accepting ads for health products that make the following claims:

- Overnight medical cures and treatments which are effortless and painless.
- Ads that offer an opportunity to obtain pills, ointments, wraps, and paraphernalia which have been “chemically tested in Europe” by a world famous researcher.
- Products “developed after years of secret research” and “proven to provide immediate positive results.”
- Testimonials from famous medical experts or satisfied consumers.
- Money-back guarantees with restrictive provisions.

ERASE BAD CREDIT!

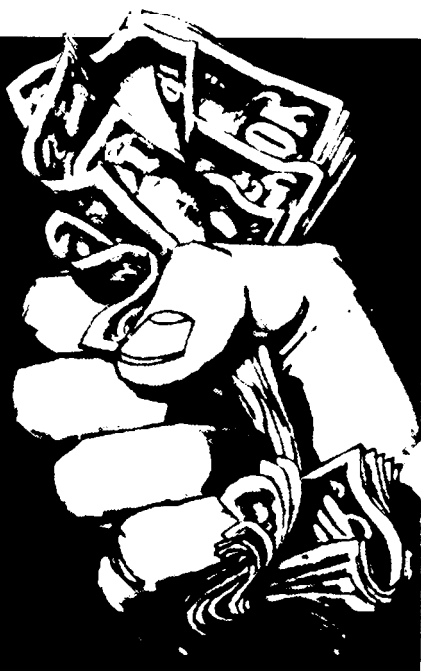
Get VISA/MASTERCARD.
The consumer credit report
reveals little known techniques.
Send \$12.95 (\$9.95 plus \$3
postage) to Box 16750.

CREDIT REPAIR

Recent years have seen a rise in ads offering--for a fee--credit repair services to consumers with bad debt histories. These deceptive ads are characterized by promises to obtain credit cards regardless of credit rating or erase a bad credit history.



***Never
before
offered
at these
prices!***



PRODUCT MISREPRESENTATIONS

Product misrepresentations are one of the most difficult forms of deceptive advertising to detect. When in doubt, request a sample! As a rule, publishers and broadcasters should be cautious when accepting ads that feature the following characteristics:

- Merchandise advertised at well-below market value for a limited time only. This technique is a common feature of ads for electronics, such as computer hardware or software and video equipment. Often, the consumer can only order the product by phone.
- Off brand merchandise with names similar to nationally recognized brands.
- Vague product descriptions.

Super Bowl 'Stings' Under U.S. Probe

Federal authorities today began investigating another alleged Super Bowl ripoff that promises tickets and a room for Sunday's game.

An ad appearing in yesterday's Pittsburgh Press and other newspapers stated a "Dallas travel agent is stuck with rooms at the Hyatt Wilshire in Los Angeles during the Super Bowl."

An FBI spokesman said, however, that people who answer the ad apparently are being "stung" by a visiting cash collector.

"When you call the number, a person tells you that someone from Pittsburgh will stop by and pick up your money," the spokesman said. Then the courier walks off with the cash and never produces the tickets or room voucher.

TRAVEL FRAUD

High profile issues, such as airline deregulation, give the con artist a new lure to defraud the American public. Fraudulent ads usually offer exciting travel opportunities at extremely low prices. Publishers should be cautious when they see:

- An offer accompanied by a certificate for free or very low cost travel.
- Offers for free exotic trips, travel over a period of years, and free coupons with membership.
- Vague descriptions of services and accommodations.

AD CLEARANCE TIPS

Although some advertisements include pictures of the product, experience with misrepresented promotions shows that too often the picture bears little resemblance to the item sold to the public.

Ask for a sample of the merchandise when the ad is in the least bit suspicious. Obtain a production sample, not a handmade mockup. If the advertiser cannot submit the sample before the closing date, pass, and wait until the next closing date.

When you get the sample and you feel certain copy changes should be made to make the offer more representative, ask for them. You will be surprised how many advertisers are glad to comply with your request.

If the advertiser is new to your publication or station and plans to run a large ad, check to verify integrity, stability, and performance of the advertiser.

The Better Business Bureau, the local consumer agencies, and the Postal Inspector in the advertiser's area are good sources to check. Better yet, alert those agencies when you have had a bad experience as well.

Here are some warning signals:

1. Experience trains your intuition. If some intuitive reaction tells you to check an ad out very thoroughly, do so. Don't let it slip by.
2. If a large order was too easy to get -- be suspicious. Check out the credit. Check out the source.
3. When the buy isn't smart--wrong season, wrong regions, wrong product for your publication--investigate. Some advertisers flood the market with impressive looking contracts, knowing that many will be accepted.
4. When an advertiser breaks all the rules in setting up an ad, be suspicious. He may indeed be the new creative genius on the scene but, more often than not, something is awry.

5. If an offer is unclear to you, it will be equally unclear to your readers or listeners. If you have read the copy twice, and you still don't know the exact nature of what is being offered, ask the advertiser for clarification of the copy. The mere act of requesting information will deter some unscrupulous advertisers.
6. Make yourself the surrogate reader. Is the copy outlandish? Are the claims so strong they are unbelievable? Be particularly wary of ads that claim to cure physical ills such as arthritis, obesity, or cancer.
7. Taste is a subjective matter, and each publisher must decide what is in good or bad taste for his audience. However, don't be afraid to ask for a new illustration of a copy change if you feel the ad has gone too far.
8. You should know the street address and telephone number of every advertiser. In many cities (such as New York) post office box numbers must be accompanied by a street address. If the company is very small, know the home address and telephone number of the principal.
9. Be careful of advertisements with no address that requires use of a toll free number and charge card to order merchandise. This method of payment is often an attempt to avoid use of the mail to circumvent the jurisdiction of the Postal Service.
10. Be leery of ads that have the appearance of official government documents, or use company names that closely resemble other well known national firms or organizations. This technique is often used to lend credibility to fraudulent operations.

Another danger sign aimed directly at your pocketbook is payment for advertising with an "insufficient funds" or "account closed" check. This disregard for ethical business practices may signal the promoter has a similar outlook regarding responsibility to maintain truth in advertising.

In addition to consumer agencies that can provide you with information on the history, business practices, and general reputation of a firm submitting questionable advertising, trade associations can be invaluable sources of information.

COMPLAINTS: HOW TO APPRAISE THEM — WHAT TO DO WITH THEM

Readers often see the media carrying an advertisement as a source for assistance if merchandise is not received or is not satisfactory. When consumers are disappointed with the product or receive unsatisfactory treatment from the advertiser, they often blame the publication or station carrying the ad. Such attitudes can result in lost subscriptions or orders.

For this reason, you may want to establish a procedure for handling complaints. There are basically two types of complaints, nondelivery of merchandise and misrepresentation of merchandise.

Nondelivery of merchandise caused by an honest miscalculation of the success of an offer, a strike, a production mishap--can all be dealt with by a straightforward explanation from the advertisers. These are after-the-fact problems, after the ad has appeared.

Misrepresentation of merchandise should be dealt with before the ad is accepted, since it can be especially harmful to the consumer and the reputation of your publication or station.

Bear in mind that for each complaint you receive, there are many more consumers with similar unhappy experiences. When the number of complaints gets out of proportion to the size of the ad or the amount of the circulation/audience covered, the advertiser should be contacted.

Keep the lines of communication open within your own organization. When complaints start mounting, advise your own credit department. Frequently, nondelivery problems go hand-in-hand with credit problems. If you have a consumer action line, you may want to alert that department to the situation.

Finally, if you suspect fraud, you are encouraged to contact the Postal Inspection Service. If possible, the Postal Service will investigate these complaints and will attempt to assist customers in resolving their mail-order problems.

LISTING OF RESOURCES

The following agencies may be able to provide assistance in evaluating the validity of advertising claims:

United States Postal Inspection Service
Direct Marketing Association
American Newspaper Publishers Association
Industry Council for Tangible Assets
International Association of Financial Planning
Association of Mail Receiving Agencies
Federal Trade Commission
North American Securities Administrators Association
Food and Drug Administration
Council of Better Business Bureaus
Commodity Future Trading Commission





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